

MINUTES
NORTHEAST MUNICIPAL ADVISORY COMMITTEE MEETING
WEDNESDAY – OCTOBER 22, 2003

A meeting of the Northeast Municipal Advisory Committee took place on the above date at 7:00 P.M. at Highland Oaks Middle School, 2375 N. E. 203rd Street, Miami, Fl.

COMMITTEE MEMBERS PRESENT:

Jaap Donath
Kenneth H. Friedman
William C. Koppel
Jill B. Perez
Roslyn B. Weisblum

MIAMI-DADE COUNTY COMMISSIONERS AND STAFF PRESENT:

Commissioner Jimmy Morales, Miami-Dade County Commissioner, District 7
Jorge M. Fernandez, Office of Management and Budget, UMSA Policy Analysis and Services

1. The meeting was called to order.

2. **Ken Friedman, Chair**

Ken Friedman opened the meeting; he requested that Bill Koppel and his Budget Committee work with the Ad Hoc Committee at the Falls since they have done extensive work on the budget and could save our Budget Committee a lot of time.

3. Motion by William Koppel to approve the September 10, 2003 minutes, motion seconded by Jill Perez.
Motion carried.

4. Ken stated that Publix has given permission to use their facility for advertising so a bulletin board will be set up at the Miami Gardens store. Ken stated that there will be three sources looking at our budget numbers: the Budget Committee, an outside consultant, and Oak Forrest's outside consultant. The particular firm that is coming in has been going to all of the MACs throughout the State of Florida trying to give free consultations, looking at and analyzing the numbers. They would like to do the outsourcing for our City in exchange for which they give us all of the free service. The advertisement announcing tonight's meeting did not make the paper.

5. **Jimmy Morales, Miami-Dade County Commissioner, District 7**

Commissioner Morales introduced himself. He currently chairs the Budget and Finance Committee which oversees the incorporation and annexation process; the Incorporation and Annexation Subcommittee is under his committee, so they deal with these issues all of the time. He has been there on the Commission for seven years; he has had an opportunity to see how the incorporation and annexation policies have developed through that time frame. From the early part of his tenure for the first 3 or 4 years there was a moratorium on forming any incorporations or annexations. Then over the last 2 or 3 years starting with Miami Lakes incorporation they had what you can almost call a free for all as they were allowed to go forward without any clearly set policy in place except for a few

parameters. He has had the chance in his district to work with some of the more recent cities such as Pinecrest and Key Biscayne and watch what happened there; and also some failed efforts such as South Miami's effort to annex a certain portion of unincorporated Miami-Dade County in his district, which was rejected by the residents of that community. He has had the chance to work with the East Kendal MAC for over a year, which has been a very divided group and it is not going so well.

There are people here who are set against incorporation or annexation of this community and others who would like to see it. There are a few things that are important:

- a. Nobody has to incorporate or be annexed. There is no County policy in place that says that they are getting out of the UMSA business. There is no intention that it would formally be adopted by the County Commission saying that everybody has to be annexed or incorporated. Whether it is incorporation or annexation, it is the decision of the community in place. If it is annexation, obviously the city to which you want to be annexed also has to concur.
- b. They are moving down that path, however. Just this past year they incorporated Miami Gardens, a city of 100,000 people. They have incorporated Doral, a city of 30,000 people. Just this week they approved the annexation of a major piece of Northwest Dade by the City of Hialeah. In the pipeline they have Biscayne Gardens, the Falls, Cutler Ridge, and the Redlands. They have annexation requests in the pipeline by Medley, Miami Springs, Virginia Gardens, West Miami, etc. They have not turned down any requests; they went from a moratorium to letting them go forward.

The MAC is a very recent phenomenon. Until recently, incorporation had to operate in a particular fashion which was the gathering of a certain number of signatures in order to be entitled to perform the process that ultimately resulted in coming before the County Commission and asking the Commission to let it go to a vote of the community. It was about 3 years ago that the first MAC was formed. As the MACs continue, the question is as UMSA shrinks at what point do they say like Broward, we are going to get out of this business. Broward County a few years ago was 90% incorporated and they decided to get out of the 10% and become fully incorporated. They have had difficulty with annexation in certain areas; but they got to a point that the efficiencies of staying in the municipal business were very difficult. Miami-Dade County is not there yet; 40-45% of the residents are in UMSA. But as that continues to shrink, there may be a reexamination of their policy, probably not in the foreseeable future, but as it shrinks there will be a reexamination of what makes sense as they begin to have holes in the donuts. One thing the Commission has made very clear is that they have a preference for annexation over incorporation; they prefer to see attachment to existing governments if possible and/or closing up holes in the donuts. They don't like to see their County services having to be delivered across municipal lines. When he says municipal services, he is talking about local police patrol, local parks, local zoning, local code enforcement, and local public works. He is not talking about fire, which has to remain with the County. Any city incorporation, which goes forward, would have to remain with the County fire district, library district, and solid waste district. The County is going to continue to offer certain traditional municipal services in whatever new city is formed. It is a little different in annexation depending on what city you are being annexed to. For example, there are five cities in Miami-Dade County that have their own fire department: Hialeah, Miami Beach, Coral Gables, Miami, and Key Biscayne. Annexation by one of those cities will take that area out of the fire district and received service from that fire department. North Miami Beach has its own library system; so an annexation by North Miami Beach would take you out of the County's library system. These are the exceptions to the basic rule.

Since this is a donor community, you must deal with the issue of mitigation. What a city has to contribute as mitigation has been changing. Miami Lakes had a certain deal; Doral ended up with what was probably a little more expensive deal. Business districts have a higher level of mitigation. There is no consistent policy. If you are a donor community there is some level of mitigation payment to the County. When the County Commission first conceived of mitigation they thought it was going to be a payment back to UMSA for the tax revenue it was losing so it would be a subsidy back to the UMSA budget. But the County attorney said they couldn't do that so that payment goes he believes to the police department, because the Florida State Constitution states that a person who pays a tax has to receive some benefit from the payment of that tax. Approximately 75% of the UMSA budget goes to police services. Most of the donation we are making by the excess of taxes that we pay and the services we receive is in fact going to make sure that police services are available in highly used areas. So one of the challenges Miami Gardens is facing in an area that had a much higher police usage than taxes paid, and was a recipient community is how do they bridge that gap? They got very aggressive in trying to calculate revenues. The County does not allocate and keep their revenues on the basis of fixed communities. 30-35% of the revenues in UMSA are property taxes. The other 60-65% are sources of revenue that include sales taxes, franchise fees, revenue sharing, etc. Those numbers are far less exact and have to be estimated to a particular area. Generally the County takes a fairly conservative approach to that. Pinecrest found that their revenues were in fact in excess of what has been forecast by the County. They had a surplus of about one million dollars in their first year because they kept the same millage rate but because of the conservative estimates of other revenues. Miami Gardens brought in their own consultants and took a little more aggressive approach on the County numbers. The County officials told them that they thought their numbers were a little over aggressive. Miami Gardens was very enthusiastic about wanting to go forward. They are still working with estimates. A year from now they will have a much better sense of what in fact those numbers are. Most other recently incorporated cities have taken the conservative County numbers and worked off those as a basis. Most communities have had the opposite occur which is more revenues than in fact had been projected by the County.

The question is always asked, will my taxes go up? It is impossible to give a definitive answer to this question. Several incorporations where there is a good tax base, have not seen an increase in their taxes and have kept the tax rate the same and have either kept or increased the level of service. Most cities, however, in Miami-Dade County do have a higher millage rate than UMSA. For some it is because of the tax base, others do it because they want to offer a higher level of service. South Miami, for example, has a police officer to resident ratio of 6 to 1,000 contrasted to Miami-Dade County where it is 1 to 1,000. They made a decision in South Miami to have a lot more police presence. Your tax rate is a combination of your tax base and the budget that your city council approves. The question you can ask is do my taxes have to go up? You have to ask your staff here, conservatively speaking what is going to be your tax base? What are going to be the revenues that you are going to have? Then the County is going to tell you what they think the cost of providing services is going to be. And then you are going to look at those numbers and you are going to determine whether or not they cover the expenses so that you do not have to raise taxes unless you want to increase services; if they don't cover then you will have to make that decision. With the exception of Miami Gardens every other community that has incorporated has been a donor community and their experience has been that they did not have to increase taxes. And we are also seeing property values soaring in Miami-Dade County, some would argue that they increased even more so in the newly incorporated areas, he does not know if that is true or not. But certainly property values have risen in Pinecrest, Aventura, Sunny Isles, so those communities have not had to increase their taxes because their tax base has allowed them to not

only maintain the current level of services but increase those services. Generally speaking if you are a donor community you will not have to have a tax increase at least in the short run.

Annexation does not require mitigation. Jorge mentioned that for annexations the County Code requires that the County keep the utility taxes and franchise fees in perpetuity. Under annexation, the County does not require an extra property tax payment to the unincorporated area. Jorge also mentioned that for the South Miami annexation the County did require some mitigation but it was minimal since they had a CBI (central business industrial) area in their boundaries. Under incorporation, the County has never done 100% mitigation. In past incorporations, the County may have gone up to 100% in the commercial tax but residential is 50-60%, so usually a blend is far less than what you were donating to the County. So there has never been a case where a community contributes more or even anywhere near in mitigation what it had been paying in taxes the County lost. The whole theory is that you get to keep part of what you were paying otherwise.

In the short run over the last ten years, all of the newly incorporated cities of the donor communities had the tax base to be able to maintain the same tax rate while keeping at least the same services if not better. The older cities, most of them have in fact a higher tax rate than UMSA. Part of your analysis is not only your tax base today but also where you see it going.

In his opinion, what the County needs to do is go into areas that are net recipients and figure out what improvements the County can make in infrastructure, etc. to make those areas attractive either for annexation or potentially have the ability to gain the self determination for purposes of incorporation. If he were a betting man, he would think eventually the County will be out of the municipal business because as it continues to shrink it is inefficient to deliver services across lines. While he thinks it is going to eventually happen, it is not the stated policy of the County. When Miami-Dade County gets to less than 500,000 people mitigation is going to be off the table. The County has a 5.7 billion dollar budget. The unincorporated budget is 400 million. There is 5.3 billion dollars worth of other things the County still has to do. There is a lot of work left to be done in the County. Secondly, the County is still going to be offering significant services in any area that incorporates: fire, regional police, significant public works on County roads, regional parks, garbage, public health, transportation. You do not secede from the County; you will always be part of the County. The question is who is going to be responsible for the localized services?

Why do people choose to incorporate? For some it is a zoning issue; in Key Biscayne they felt that County hall was not paying attention to localized zoning concerns and they wanted to take control of the zoning process. Community Councils were formed to respond to that. For some it is a police issue; they want more police driving around in the community and doing localized patrols; people feel more comfortable when they see a police officer doing community policing. For some it may be parks or other types of infrastructure that the County has not been focusing on. For others it is an issue of wanting to have more control because as part of one district in the County the only elected officials you have are the County Commissioner from District 4 and the Mayor of the County who respond to your needs. In a city you may have Commissioners and the Mayor who may be more responsive because they are more local and the City Hall is down the street instead of all the way downtown. They are advocates for you so a municipal government may be more attuned and more responsive. The City Manager of a city can be worried about what is happening in the neighborhood park. Our County Manager is worried about putting out fires and rarely has a chance to think about what is happening in a particular park. You will get more attention to detail for local issues. Property values are going up generally in unincorporated Miami-Dade County; the millage rate has stayed the same in

UMSA despite the incorporation of significant property value areas. Services have not dropped, in some cases they may have gotten better because property values have gone up.

Commissioner Morales addressed questions from the public. He stated that as a city you can be creative; you can take a conservation approach to overhead issues, outsource a lot of services, take a virtual government approach, and not create a huge infrastructure of government. There are cities in Miami-Dade County that are significantly smaller in population than the 16,000 people in our MAC area. To determine if your taxes would increase if you incorporate, you look at the revenue numbers, and you look at the mix of residential and commercial. The 3% cap applies to Homestead residential property. If you are community with a huge portion of your tax base is Homestead residential property then you will have more of cap on the growth of your tax base. If your community, however, has a significant commercial tax base and multi-family residential base that doesn't have a 3% cap, you will benefit more from an increase in your tax base. There may be other non-financial factors for you than just tax issues, you may not mind paying more for services or facilities that you currently do not have in your neighborhood. Don't let this be an issue that tears up your community. At the end of the day whether you incorporate or not, this is still a wonderful community. There are some people in this County that are perfectly content with the services they are getting from County Hall; they are happy, they don't want more government, and have exactly the level of government they want. There are other people who are not happy with the level and quality of government they are getting and may feel that they are being ignored by County Hall and want a government that is going to care what happens in the community and have self determination. There are financial and non-financial factors. Take a conservative approach; cities who have done that have not had a rude awaking after the fact.

6. Ken Friedman announced that the next MAC meeting is at this location on November 12, 2003. The next Budget Committee meeting is on October 30, 2003 at the McDonald Center.
7. Bill Koppel stated that the next Budget Committee meeting will be in room 1 of the McDonald Center at 7:00 PM; it must end by 9:00 PM when they close.
8. Meeting was adjourned.

**Roslyn B. Weisblum
Recording Secretary**